

Minutes of the Finance Committee

Wednesday, April 5, 2006

Chair Haukohl called the meeting to order at 8:49 a.m.

Present: Supervisors Pat Haukohl (Chair), Bonnie Morris, Joe Marchese, and Jim Behrend. Ken Herro arrived at 8:51 a.m., Don Broesch arrived at 8:52 a.m., and Genia Bruce arrived at 9:05 a.m. Bruce left the meeting at 11:50 a.m. and Behrend left at 1:00 p.m.

Also Present: Legislative Policy Advisor Mark Mader, Chief of Staff Lee Esler, County Board Supervisor Rodell Singert, Risk Management Administrator Laura Stauffer, Collections & Business Services Manager Sean Sander, Financial Analyst Lyndsay Johnson, Employment Services Manager Sue Zastrow, County Board Supervisor Kathleen Cummings, and Administration Director Norm Cummings.

Approve Minutes of 3-22-06

MOTION: Marchese moved, second by Behrend to approve the minutes of March 22nd. Motion carried 4-0.

Schedule Next Meeting Dates

April 11th – tentatively at 6:15 p.m.

Herro arrived at 8:51 a.m.

Broesch arrived at 8:52 a.m.

Chair's Executive Committee Reports of 3-27 & 4-3

Haukohl advised of the following issues discussed at the last two Executive Committee meetings.

- Discussed the transfer of Meadowbrook Road, CTH TT and CTH TT South (Merrill Hills Road) to the State Highway System.
- Discussed options for downsizing the County Board.
- Approved Ordinance 160-O-134 entitled "Modify Use of Planning Funds for Justice Facility Phase II Project."

Review Correspondence

Haukohl advised of a letter from Chief of Staff Allison Bussler to Larry Naake, Executive Director at the National Association of Counties, expressing her concerns with Nationwide Retirement Systems' calculations of the market value adjustment on the fixed account for the deferred compensation plan.

Bruce arrived at 9:05 a.m.

Motion to Approve the Closed Session Minutes of March 2, 2005

MOTION: Behrend moved, second by Herro to approve the closed session minutes of March 2nd, 2005. Motion carried 7-0.

Motion to Allow Secretary Bonnie Morris to Approve the Final Set(s) of Committee Minutes on Behalf of the Finance Committee

MOTION: Broesch moved, second by Behrend to allow Secretary Morris to approve the minutes of April 4th and April 11th on behalf of the committee. Motion carried 7-0.

Resolution 160-R-020: Expression Of Intent To Continue Self-Insurance For Worker's Compensation

Stauffer said this resolution is brought forward every three years per State Statute. The Wisconsin Worker's Compensation Act requires that employers covered by the Act either insure their liability with worker's compensation insurance carriers authorized to do business in Wisconsin, or be exempted (self-insured) from insuring liability with a carrier and thereby assuming the responsibility for its own worker's compensation risk and payment.

MOTION: Marchese moved, second by Herro to approve resolution 160-R-020. Motion carried 7-0.

Ordinance 160-O-140: Appropriate Additional Funds To Increase Risk Management's Self-Insurance Reserve Levels From Existing Risk Management Fund Balance

Stauffer noted this ordinance is brought forward every year. She distributed copies of "Risk Management's Determination of 2005 Liability & Worker's Compensation Claims Payable Reserve," "Incurred Losses from WMMIC Liability Year-End Loss Runs," and "Waukesha County Liability Loss Development History." Risk Management's liability and worker's compensation reserves are accounted for in the same fund on a combined basis. Risk Management's objective is to provide for a reserve confidence level between 75% and 95% as a reflection of the County's risk tolerance. An additional \$1,547,460 in reserves will be booked resulting in a year-end reserve balance of \$2,581,968. This reserve equates to a 75% confidence level.

Broesch and Herro felt the increase was too large. Broesch referred to the County's new actuary and he questioned why this actuary basically doubled the reserve balance in one year. Stauffer advised the new actuary, chosen via the RFP process, is a well-respected, conservative firm. To answer Herro's question, Stauffer said we did not receive a good level of service from the previous actuary. She noted that outside auditors look at our booking levels and the actuary report says we should book at 75%. Broesch did not feel these numbers were reasonable and were unlike what we've seen in the past, regardless of the actuary's integrity. Haukohl suggested this issue be a future agenda item. Swartz commented that the balance would drop in future years as long as that year's experience was favorable. Herro did not feel the reserve balances should be inflated and then deflated when you have a good year. He said these guys are paid to know – they know our history. Are the balances high because we have a new actuary? Stauffer explained the fund balances in detail. Broesch said he would monitor the reserves and booking levels in the future. He asked for balance figures prior to the next County Board meeting whereby Swartz said they would try to obtain a preliminary figure from the actuary. Behrend suggested seeing these figures for a ten-year time period. He noted that this basically involves shifting from one pot to the other and what isn't used, is put back. Herro asked for an explanation from the actuary but also had concerns with WMMIC practices.

MOTION: Broesch moved, second by Morris to approve ordinance 160-O-140. Motion carried 4-3. Herro, Broesch, and Marchese voted no.

N. Cummings appeared later in the meeting and explained concerns he had with the committee's action on this ordinance earlier in the meeting and reasons why it should be adopted.

Ordinance 160-O-142: Establish Salaries For Elected Officials

Esler explained the ordinance as outlined which, if adopted, will result in a fiscal impact of \$14,597 in 2007. Esler said each of the salaries were adjusted based on percentage increases that were given to non-represented employees in prior years: 2.8%, 1.75%, 3%, 3%, respectively, for four years beginning in 2003.

MOTION: Behrend moved, second by Broesch to approve ordinance 160-O-142.

Morris reported on the Personnel Committee's discussion when Supervisor Thelen suggested looking at the possibility of decreasing base pay increases equal to increases in other benefits such as health insurance premiums. This would start with the elected officials and then perhaps applied to other employees. Morris did not agree to apply that concept to this ordinance due to the timing but she does support the concept. Haukohl said she was also willing to look into this.

Esler agreed it would be difficult to add Thelen's proposal to this ordinance due to timing issues. He discussed similarities between Thelen's proposal and the Taxpayer Protection Amendment, being proposed on the state level. He noted that Thelen's proposal, if approved, would require a different compensation system. In addition, it would have to be negotiated with the Unions. Is it possible? Yes, but it will be difficult.

Herro felt the County Clerk, Register of Deeds, and Treasurer should be appointed, not elected, and he did not believe these positions command the salaries they receive. He said just because this is how we did things years ago (determining salary increases) doesn't mean we have to continue it. Behrend had concerns with Thelen's proposal and whether it would backfire. He said eventually health insurance premiums will stop going up. At that point, do we add that money to their salaries?

MOTION: Herro moved, second by Morris to table ordinance 160-O-142.

Esler said because the Finance Committee is a secondary committee and secondary committees don't normally table ordinances, this tabling motion would set precedent. Herro rescinded his motion to table and Morris concurred.

Haukohl said she would support this ordinance because she felt these were nominal increases. However, she felt because County Executive Vrakas is proposing budget cuts in other areas of government and because he supports budget freezes, he should consider his own salary.

The motion to approve the ordinance was defeated 3-4. Herro, Marchese, Behrend, and Broesch voted no.

Contract Procurement Process for Consulting Services for a Feasibility Study for Customer Relationship Management (CRM) – Project One

Sander indicated the contract was awarded to Market Strategy Group, LLC, the highest rated proposer, for a total contract cost of \$148,000. The budgeted amount was \$150,000. The initial cost was negotiated to the contract amount and they have allowed for the possibility that they may need additional process mapping after the information gathering stage. A total of five vendors submitted proposals for consideration.

MOTION: Broesch moved, second by Herro to approve the contract procurement process for consulting services for a feasibility study for Customer Relationship Management (CRM) – Project One. Motion carried 7-0.

Contract Procurement Process for Consulting Services for a Feasibility Study for Enterprise Content Management (ECM) – Project Two

Sander advised the contract was awarded to Imerge, the highest rated proposer, for a total contract cost of \$85,000. The budgeted amount was \$115,000. Again, the initial cost was negotiated to the contract amount and they have allowed for the possibility that they may need additional process mapping after the information gathering stage. A total of five vendors submitted proposals for consideration.

MOTION: Marchese moved, second by Behrend to approve the contract procurement process for consulting services for a feasibility study for Enterprise Content Management (ECM) – Project Two. Motion carried 7-0.

Ordinance 160-O-141: Signing Bonus For Pathologist Position In Medical Examiner's Office And Modify The 2006 Budget To Appropriate Additional Funding From The Contingency Fund

Biedrzycki distributed caseload figures from 1991 through 2005, as well as other supporting information. Zastrow said they are currently recruiting for a pathologist position and there are less than 400 full-time people in the field throughout the county. Biedrzycki has one good candidate who is interested in the position but who is also considering positions elsewhere. An Iowa employer is offering a \$20,000 relocation package; Waukesha County's policy is \$3,500. Zastrow said they are proposing offering this candidate a \$15,000 signing bonus, a lot of which would likely be used for relocation from Florida. Zastrow noted that if he leaves County employment within two years, he would have to pay it back. The salary offered to this candidate is the maximum salary range. This ordinance authorizes a transfer of \$55,000 from the contingency fund to provide recruitment flexibility. Morris advised the Personnel Committee amended the ordinance to state that this appropriation applies to the current vacancy only.

Haukohl asked why this wasn't anticipated and budgeted for at budget time. Will these dollars be paid back to the contingency fund? Swartz said the previous pathologist gave notice that he would be leaving County employment in January, well past the budget process. There aren't a lot of options. He said the Medical Examiner's budget will probably under-spend in the area of contracted services although they didn't want to use those dollars in case the candidate doesn't accept the position and they need to contract for services. Swartz and Johnson explained that some of the costs associated with this ordinance would be offset by vacancy savings, additional autopsies above the minimum, and reductions in the contracted services budget.

Mader asked what could happen if this vacancy isn't filled by a person with these qualifications. Biedrzycki said the quality of death investigation would go down. Accidents might not be correctly identified, suicides and homicides and other violent deaths could be confused, and natural diseases could go unrecognized which could have consequences for families and public health.

Herro was uncomfortable with this ordinance and spending this kind of money. He believes we need to change the way we do business whereby he spoke about making this a regional issue. Haukohl had concerns that this position / ordinance is not cost neutral. She felt \$55,000 was a lot of money but she'll support it for now. Behrend supported the ordinance, primarily due to the growth in caseload.

MOTION: Behrend moved, second by Bruce to approve ordinance 160-O-141. Motion carried 6-1. Herro voted no.

Bruce left the meeting at 11:50 a.m.

Annual Report on Employee Performance Evaluations and Rewards

Zastrow reviewed the annual report on performance evaluations and awards for 2002 through 2005. In 2005, the total number of people eligible increased by nine to 329. The total amount distributed was \$401,452, which is \$107,679 less than the amount awarded in 2004. A total of 259 people out of the 329 eligible received non-base accumulating performance awards totaling \$264,758. This is a reduction of \$60,600 from 2004. A total of 141 people out of 180 eligible received performance awards added to their base salary totaling \$136,694. This is \$47,079 less than the total awarded in 2004.

Morris left the meeting due to a conflict of interest with the following ordinance.

Ordinance 160-O-143: Eliminate Non-Represented Compensation System Plan Non-Base Accumulating Performance Awards

K. Cummings discussed her ordinance as outlined. She believes the system works and makes sense except for the non-base accumulating award which she believes should be discontinued. She said since this system began in 1997, things have changed. Companies have left the state, people are looking for jobs, employees are being made to pay more for insurance, and people are getting lower pay increases or none at all. We are in difficult times with difficult choices. She does not believe people work for Waukesha County just to get the monetary award. She spoke of people on waiting lists for Health & Human Services programs and she referred to "difficult choices."

N. Cummings distributed copies of the fiscal note from the ordinance to adopt this system in 1997 (Ordinance 151-O-044). He explained the original goals of this incentive program which were to award employees for exceptional performance, retain quality employees, and save money (when compared to the old system). In 1999, Internal Audit confirmed the program was meeting its goals and that it was being implemented fairly.

Herro and Behrend spoke in support of the system including the monetary award. Herro felt this was K. Cummings' opinion and she didn't prove "need." He believes people should be compensated based on performance, including government. K. Cummings commented that government is unlike the private sector and we don't sell products for profit. Herro felt the monetary awards allow government services to be provided more efficiently and more creatively. Behrend felt this type of compensation system is exactly what he wants to see in government.

MOTION: Behrend moved, second by Marchese to approve ordinance 160-O-143. Motion defeated 0-5.

Morris returned.

Behrend left the meeting at 1:00 p.m.

Discuss Fiscal and Structural Impacts of Restructuring the County Board

Information on county board size in other counties and states were distributed, as were copies of The Wisconsin Taxpayer publication from October of 2003, examining options for county organization. Due to the lengthy duration of today's meeting, the committee decided to review this information at their leisure and decide if the item should be re-agendized for a future meeting.

Future Agenda Items

- Review / Monitor Risk Management's Self-Insurance Reserve Levels (Haukohl)

MOTION: Herro moved, second by Broesch to adjourn at 1:10 p.m. Motion carried 5-0.

Respectfully submitted,

Approved on: _____

Bonnie J. Morris
Secretary